



REV Demonstration Project:
Smart Home Rate

2018 3Q Quarterly Progress Report

Dated: October 31, 2018

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1.0 EXECUTIVE SUMMARY

Consolidated Edison Company of New York, Inc. (“Con Edison”) and Orange and Rockland Utilities, Inc. (“O&R”), (together the “Companies”), submit this quarterly report on the progress of the Smart Home Rate REV demonstration project (the “Project”) it is implementing as part of the Reforming the Energy Vision (“REV”) proceeding, as required by the *Order Adopting Regulatory Policy Framework and Implementation Plan*, issued by the New York State Public Service Commission (“Commission”) on February 26, 2015.

1.1 PROGRAM ACHIEVEMENTS

On February 1, 2017, the Companies submitted the Project for approval by Department of Public Service Staff (“DPS Staff”); on June 6, 2017, DPS Staff approved the Project. Thereafter, on July 5, 2018 Staff issued a Demonstration Project Assessment Report. The Companies subsequently filed an implementation plan for the Project with the Commission on August 24, 2018. In Q3 2018, the Companies focused on the implementation of the Project, including contract execution, recruitment planning and enrollment portal development.

1.2 CYBERSECURITY AND PERSONALLY-IDENTIFIABLE INFORMATION PROTECTION

Consistent with corporate instructions and Commission policy related to cybersecurity and the protection of personally-identifiable information (“PII”), each partner agreement executed for the implementation of the Project includes specific protections related to cybersecurity and PII. Assurance of this protection is critical in encouraging customers to sign up with new and innovative services offered by utilities.

1.3 ACCOUNTING PROCEDURE ESTABLISHED

On February 16, 2016, in Case 15-E-0229, Con Edison filed an accounting procedure for the accounting and recovery of all REV demonstration project costs. O&R filed an accounting procedure on September 1, 2016. This accounting procedure establishes a standardized framework that will govern how the Company categorizes and allocates the costs of the REV demonstration projects, and will facilitate analyzing each project to determine the overall financial benefits of the program to customers.

1.4 COSTS, BENEFITS, AND OPERATIONAL SAVINGS

Budget information for all of the Company's REV demonstration projects is being filed confidentially with the Commission, concurrently with the filing of this document. All costs filed are incremental costs needed to implement the projects. To date, no tax credits or grants have been available to reduce the net costs of the projects, but the Companies will take advantage of such offsetting benefits when they are available. Due to the early stage of implementation for the Project, there are no operational savings to report at this time.

1.5 SMART HOME RATE

The Project is designed to demonstrate how alternative rate structures can provide price signals to customers to optimize value for the customer and the system. The Project will recruit residential customers with AMI meters to participate in a new electric rate and provide them with home energy management technologies to help them maximize savings on the new rate.

The Companies are implementing the Project with ICF and are deploying price-responsive home energy management platforms from Tendril and Sunverge. In Track 1, Tendril's Orchestrated Energy platform will be deployed to automate central air conditioning ("AC") loads in participants' homes. In Track 2, Sunverge's platform will be deployed to automate home battery systems coupled with rooftop photovoltaic ("PV") systems.

2.0 SMART HOME RATE – QUARTERLY PROGRESS

2.1 DEMONSTRATION HIGHLIGHTS

2.1.1 First Quarterly Report - Major Task Completion

- Continued discussion of final transactional agreements
- Identified eligible customers who are most likely to opt into program
- Developed marketing materials for recruitment campaign
- Developed enrollment portal for Track 1

2.1.2 Activities Overview

Phase 0, Demonstration Planning: The Project team has executed a Limited Notice to Proceed to allow the Project team more time to complete the final transaction agreements while working on Phase 1 activities in parallel. Transaction agreement discussions progressed during Q3 2018.

Phase 1, Demonstration Project Development and Testing: The Project team completed target identification and propensity modeling to identify eligible customers who are most likely to opt into program.

Recruitment, marketing, and communications planning for both Track 1 and Track 2 progressed during Q3 2018. Specifically, the Companies:

- developed creative concepts and tested them in focus groups, and
- developed marketing materials, including recruitment letters and emails, webpage content, and videos.

The Project team completed development of the enrollment portal for Track 1 and advanced the configuration of data interfaces in the customer communications platform for Track 1 and Track 2.

The Project team developed mobile app prototypes, which include visualizations for billing, usage, and demand data.

Phase 2, Market Launch: This phase has not yet started.

Phase 3, Demonstration Project Evaluation: This phase has not yet started.

2.1.3 Key Metrics

Con Edison will begin reporting measurements of key outcomes after the start of Phase 2.

2.1.4 Next Quarter Forecast

In Q4 2018, the Project team will continue work on transaction agreements.

2.1.5 Checkpoints/Milestone Progress

Track 1

Checkpoint/Milestone	Timing*	Status
Bill impacts	T1 Phase 2 Midpoint	  
Technology installation	T1 Phase 2 Start	  
Technology performance	T1 Phase 2 Midpoint	  
Recruiting and enrollment	T1 Phase 2 Start	  
Customer satisfaction	T1 Phase 2 Midpoint	  

*Details on the phases can be found in section 2.3.1.

Track 2

Checkpoint/Milestone	Timing*	Status
Bill impacts	T2 Phase 2 Midpoint	  
Technology installation	T2 Phase 2 Start	  
Technology performance	T2 Phase 2 Midpoint	  
Recruiting and enrollment	T2 Phase 2 Start	  
Customer satisfaction	T2 Phase 2 Midpoint	  

* Details on the phases can be found in section 2.3.1.

Legend

 <i>On Schedule</i>	 <i>Delayed w/out Major Impact</i>	 <i>Delayed or Stopped – Project Goals Impacted</i>
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2.1.6 Planned Activities

2.1.6.1 *Bill impacts*

Status: Green

Expected Target by Phase 2 Midpoint: Calculate bill impacts from the first few months of the demo and compare average annual customer bill to what it would have been on their previously selected rate.

Actual by Phase 2 Midpoint: Not started.

Solutions/strategies in case of results below expectations: Plan to adjust messaging to enhance participants' understanding of bill impacts, such as providing them with a mid-program assessment report.

2.1.6.2 *Technology installation*

Status: Green

Expected Target by Phase 2 Start: Complete technology installations at sufficient levels to meet enrollment targets.

Actual by Phase 2 Start: Not started.

Solutions/strategies in case of results below expectations: Adjust installation and customer support processes as required.

2.1.6.3 *Technology performance*

Status: Green

Expected Target by Phase 2 Midpoint: Monitor price communication and response capability of technology platforms.

Actual by Phase 2 Midpoint: Not started.

Solutions/strategies in case of results below expectations: Plan for continuous iteration and improvements to technology platforms in response to performance tracking.

2.1.6.4 *Recruiting and enrollment*

Status: Green

Expected Target by Phase 2 Start: Obtain enrollment levels sufficient to answer key research questions.

Actual by Phase 2 Start: Not started.

Solutions/strategies in case of results below expectations: Adjust recruitment approaches and onboarding support as necessary, and track improvements from new approaches.

2.1.6.5 Customer satisfaction

Status: Green

Expected Target by Phase 2 Midpoint: Assess customer satisfaction with the program and technology.

Actual by Phase 2 Midpoint: Not started.

Solutions/strategies in case of results below expectations: Develop plan for ongoing messaging to enhance the customer experience.

2.2 CHANGES TO THE PROJECT DESIGN

There are no changes to the project design to report.

2.3 WORK PLAN & BUDGET REVIEW

2.3.1 Phase Review

2.3.1.1 Phase Progress

The Project team has made progress on Phase 0 (Demonstration Planning) and Phase 1 (Demonstration Project Development & Testing). The Project team anticipates that Phase 2 (Market Launch) will commence with final execution of transactional agreements in Q4 2018.

2.3.2 Work Plan

Act no	Activity Description	Lead	2017				2018				2019				2020				2021			
			Q1	Q2	Q3	Q4																
1	Phase 0: Demonstration Planning	Con Edison																				
1.1	Partnership Agreement	Con Edison																				
1.2	Project Plan	Con Edison/ ICF																				
2	Phase 1: Project Development & Testing	ICF																				
2.1	Recruitment, Marketing and Communications Plan	ICF																				
2.2	Target Identification and Propensity Analysis	ICF																				
2.3	Sightline Setup/ Configuration	ICF																				
2.4	Enrollment Portal	ICF																				
3	Phase 2: Market Launch	Sunverge/ ICF/ Tendril																				
3.1	Operator Training	Tendril/ Sunverge																				
3.2	Hardware	Tendril/ Sunverge																				
3.3	Software	Tendril/ Sunverge																				
3.4	Enrollment	ICF																				
3.4	Technology Installation	Tendril/ Sunverge																				
3.6	Customer Engagement	ICF																				
4	Phase 3: Evaluation	ICF/Nexant																				
4.1	Data Monitoring & Reporting	ICF/Nexant																				

2.3.3 Updated Budget

Budget information is being filed confidentially with the Commission.

2.4 CONCLUSION

2.4.1 Lessons Learned

There are no significant lessons learned at this early phase of the Project.

2.4.2 Recommendations

The Company recommends maintaining focus on transaction agreement execution and continuing to advance project development and testing in preparation for market launch.